

Members

Rep. Jerry Denbo, Chairperson  
Rep. Win Moses  
Sen. Luke Kenley  
Sen. Teresa Lubbers  
Sen. Lindel Hume  
Sen. Richard Young  
Rep. Michael Murphy  
Rep. John Ulmer



## ADMINISTRATIVE RULES OVERSIGHT COMMITTEE

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### MEETING MINUTES<sup>1</sup>

**Meeting Date:** October 20, 1999  
**Meeting Time:** 1:00 P.M.  
**Meeting Place:** French Lick Springs Hotel, 8670 W.  
State Road 56, Habig Room  
**Meeting City:** French Lick, Indiana  
**Meeting Number:** 3

**Members Present:** Rep. Jerry Denbo, Chairperson; Sen. Lindel Hume; Sen. Richard Young.

**Members Absent:** Rep. Win Moses; Sen. Luke Kenley; Sen. Teresa Lubbers; Rep. Michael Murphy; Rep. John Ulmer.

Rep. Denbo called the meeting to order. Copies of the minutes for the October 6, 1999 meeting were distributed (available from the Legislative Information Center as Exhibit 1).

Rep. Denbo acknowledged that the Committee lacked a quorum to conduct official business and announced that the Committee would hear public testimony.

Rep. Denbo stated that the meeting was held in French Lick to hear from the assessors and asserted that there was no group with more expertise than the county and township assessors in attendance. Rep. Denbo expressed his hope that the Committee would be able to formulate a recommendation from the assessors' testimony.

Rep. Denbo asked Sen. Hume and Sen. Young to make some introductory remarks.

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Sen. Hume noted that he appreciated the opportunity to discuss the timely issue of assessment with the assessors. Sen. Hume then reviewed the status of HB 1005-1999 which concerned a variety of property assessment issues during the last few days of the 1999 session of the General Assembly.

Sen. Young added that based upon his experience as the Crawford County Auditor during a general reassessment he could appreciate the hard work that the assessors will go through. Sen. Young thanked the Governor and the State Board of Tax Commissioners for taking on the responsibility of responding to the *Town of St. John's* court case and emphasized that the General Assembly should have taken on that responsibility.

Rep. Denbo then opened the floor to public testimony and introduced Tim Brooks, Chairman of the State Board of Tax Commissioners.

Mr. Brooks reviewed the events that have left the general reassessment behind schedule. Mr. Brooks noted that in the aftermath of *Town of St. John's*, the tax board would have liked more time to prepare and adopt a regulation. Mr. Brooks stated that the tax board has moved forward trying to be fair to as many Hoosiers as possible. Mr. Brooks added that there are significant limitations on what an administrative agency can do.

Mr. Brooks described the tax board's efforts to produce a regulation and its efforts to accelerate the process by doing things out of order whenever possible.

Mr. Brooks stated that the tax board has no position on a delay of the general reassessment at the present time. Mr. Brooks noted that the issue affects everyone else more than it does the tax board. Mr. Brooks added that there are good reasons for a delay and described the two options available to the General Assembly: (1) delay the effectiveness of the reassessment to provide assessors more time to work; or (2) delay the entire process to have the tax board change its rule. Mr. Brooks added that a two year delay could serve both purposes.

The Committee then asked Mr. Brooks a number of questions concerning the practical effect of delaying reassessment on the tax board's rulemaking process. Mr. Brooks agreed that if the General Assembly desired a new rule and that if it wanted to look at other systems, a three year delay would be ideal. But, Mr. Brooks cautioned the Committee that too long of a delay could raise issues with the courts. Mr. Brooks added that the process would have to begin in the summer of 2000.

The Committee then received the testimony of Judy Sharp, Monroe County Assessor and President of the Indiana County Assessors' Association. Ms. Sharp stated that the county assessors want an extension of the reassessment rather than a delay. Ms. Sharp noted that some county assessors have begun the process of collecting data for the reassessment and some have entered into contracts with vendors.

Ms. Sharp added that the county assessors lack two tools which could bring the reassessment to a standstill: (1) Regulation 17 ( the real property assessment manual); and (2) computer software. Moreover, since initial training has been on the 1995 Regulation 17, additional training is necessary. Ms. Sharp said that the new regulation is such a change that the assessors face quite a learning curve.

Ms. Sharp approved of the three year option raised by the Committee's questions of Mr. Brooks but added that the assessors at least have to have a one year extension. Ms. Sharp emphasized that the question of a delay or an extension is a professional issue to the assessors who want to do the best job possible.

Ms. Sharp raised another aspect of the issue when she stated that she was afraid of the likelihood of appeals that will bog down the state and bring the system to a standstill. Ms. Sharp urged the General Assembly to give the assessors the necessary tools, time, and training and promised that the assessors would do the job.

Rep. Denbo asked Ms. Sharp if there is a consensus that the reassessment should be delayed or extended among the county and township assessors. Ms. Sharp replied that sixty percent (60%) of the 440 assessors attending the conference in French Lick had signed a petition supporting an extension of the effectiveness of the reassessment until 2002 pay 2003. When asked about the degree of the assessors' support of an extension, Ms. Sharp answered that the assessors were strongly in favor of the extension.

The Committee then heard from Connie Prible, Wells County Assessor and president of the Association of Indiana Counties. Ms. Prible first offered her concerns about the proposed manual. She suggested that the manual increases the amount of subjectivity in the assessment process. Ms. Prible also stated that the assessors need more training and that an extension of the reassessment is necessary. Ms. Prible added that she prefers an extension to a delay because Wells County and several others have already signed contracts and gotten started.

Ms. Prible argued against throwing out the manual, saying that the assessors and the tax board have to move forward. She added that reassessment "sticker shock" would be a major problem if the assessors and the tax board do not move forward and that the longer they delay the worse it could be.

The Committee then asked Ms. Prible a number of questions concerning training and the effect of changes to the manual on the reassessment time line and the data collection already underway. Ms. Prible answered that changes to the manual would not impact the data collection.

Mark Cahoon, Indiana Manufacturers Association, then addressed the Committee. Mr. Cahoon stated his agreement with the prior testimony and expressed the IMA's sympathy for the position of the tax board.

Mr. Cahoon focused his remarks on the proposed manual. He stated that the worst thing to do is to let the manual go forward on the current time tables. Mr. Cahoon reviewed the IMA's support of delaying reassessment two years in the 1999 session and said that the association would support that again. Mr. Cahoon added that the IMA does not want to lock in the manual by merely extending the general reassessment. Mr. Cahoon also suggested that the manual increases subjective judgments in the assessment process and reminded the Committee of the arguments of the plaintiffs in the *Town of St. John's* court case. Mr. Cahoon noted that taxpayers would have the same arguments as those plaintiffs.

April Collins, Lawrence County Assessor, supported the remarks of Ms. Sharp and raised another issue to be considered. Ms. Collins reported that Lawrence County and others were encountering problems in converting software that will require the county to hand enter the back of each property record card.

Rep. Denbo asked whether this was a major issue that would add to the expense of the reassessment. Ms. Collins and Ms. Sharp replied that the problem will add to the expense of reassessment. Rep. Denbo then expressed his concern about the cost of the reassessment and said that the General Assembly would have to take a look at containing the costs.

Jay Walton addressed the Committee to express his concerns about the property tax system. Mr. Walton noted that even the homeowners who are projected to benefit from the impacts of the proposed rule and reassessment will ultimately fail to realize those benefits. Mr. Walton pointed out the property tax increases falling on business would be passed on to consumers in the form of higher prices. Mr. Walton also stated that as a farmer he stood to be impacted negatively in two other ways. First, his property taxes are projected to increase. Second, utility property taxes are projected to increase and passed on to him as a consumer. Mr. Walton then cited a couple of examples of the unfairness of the property tax system. Mr. Walton concluded his remarks by describing the property tax system as complicated, expensive, and frustrating. He urged the General Assembly to consider a gross income tax to reduce reliance on property taxes.

Dennie Easton, Davies County Assessor, expressed his agreement with the previous speakers and assured the Committee that the assessors were united on the issue of reassessment.

Gail Sims, Jefferson County Assessor, described the unique demands placed upon the township trustees who also serve as the township assessor. She also expressed her support for the remarks of Ms. Sharp and added that the county assessors are unified with the township trustees and the township assessors.

Ms. Sims stated that the assessors want to keep collecting data even if the process were to be halted immediately.

Rep. Denbo then recognized Rep. Tom Saunders, who served 16 years as an assessor. Rep. Saunders expressed his support for the assessors and added that the General Assembly needs to give them the tools they need to do a job they will be proud of.

After hearing the testimony, Rep. Denbo announced that he would schedule a meeting for Tuesday, October 26 in the State House to consider a recommendation to delay the general reassessment. Rep. Denbo encouraged the assessors in attendance to also attend the October 26 meeting.

Rep. Denbo asked Sen. Hume and Sen. Young for some closing remarks. Sen. Young replied that the reassessment issue may be the most important issued faced by the General Assembly in his eleven year tenure. He added that he realizes that the assessors need more time. Sen. Young suggested that he would support an extension so that those assessors who have already began collecting can continue to do so. Sen. Hume offered that the meeting was probably the most important and informative meeting that the Committee has had.

Rep. Denbo thanked everyone for their attendance and adjourned the meeting.